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UNCLAS ANKARA 001473

SIPDIS

SENSITIVE

STATE FOR E, P, EUR/SE AND EB
TREASURY FOR U/S TAYLOR AND OASIA - MILLS
NSC FOR QUANRUD AND BRYZA

E.O. 12958: N/A

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SUBJECT: AMBASSADOR RAISES FOREIGN INVESTMENT ISSUES WITH
FINANCE MINISTER, WHO AGREES TO MEET WITH U.S. COLA
COMPANIES

Sensitive but unclassified, and not for internet
distribution.

1. (SBU) AMB paid an office call on Finance Minister Kemal Unakitan March 7 largely to discuss the status of the 2003 budget (septel). AMB also raised the need to improve the foreign investment climate in Turkey, and wanted to cite several examples.

2. (SBU) AMB said the Citibank General Manager in Turkey had praised Unakitan's instrumental role in resolving a tax issue involving Citibank's foreign portfolio investors. AMB said he wanted to add his appreciation to the minister. His intervention had allowed Citibank's important economic activity in Turkey to continue. Unakitan, clearly pleased, said he was only doing his job.

3. (SBU) AMB then raised the long-standing tax treatment of cola beverage producers. AMB stressed the differing tax treatment of Cola versus other beverages, and how the 48 percent tax rate on cola was stifling investment and limiting employment in this field. Unakitan replied that he was aware of the problem. He had met with U.S. cola companies briefly at Davos in January. He told the AMB he would meet the cola companies in Ankara and give the problem a more extended hearing. AMB thanked him and said he would pass this onto the U.S. cola producers.
PEARSON